

# **LOCAL ORGANIZATIONS IN DEVELOPMENT: BACKGROUND STUDY**

## **SYNTHESIS PAPER:**

### **PRINCIPAL FINDINGS AND POLICY RECOMMENDATIONS OF LITERATURE REVIEW AND INTERVIEW ANALYSIS REPORT**

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## I. EXECUTIVE SUMMARY

This synthesis paper compiles the findings and policy recommendations on the subject of local organizations in development and summarizes the results of the literature review and key interviews on the subject. State-to-state development assistance is one legitimate source of aid to developing countries; assistance specifically provided to local organizations is a separate, equally legitimate source of aid that is different in scope and issues of implementation and constraints.

For the purposes of this study, local organizations (LOs) are defined as any group, association and organization that is sub-national; they can be private or public (e.g., a branch of a local government), for-profit or non-profit, formal or informal, registered or not. Since USAID issued a policy paper on “Local Organizations in Development” in 1984, the literature and development experience have developed new areas of thinking or deepened others, such as democratic governance, civil society and advocacy, decentralization, partnerships and social capital. These concepts, explored and deepened by development theorists, planners and practitioners since 1984, were the subject of the Literature Review.

The Literature Review and Interview Analysis Report exist as two separate documents. This paper summarizes the findings of each on the subject of local organizations in development and covers the following key areas:

- Participation
- Civil society
- Decentralization
- Enabling environment
- Social capital
- Conflict prevention
- Partnerships
- Poverty reduction and gender equality
- Limitations of local organizations

**Participation:** Donors have joined in identifying participatory mechanisms as key to successful development interventions. Where state-to-state development assistance represented the preponderance of donor programs in the 1980s, the 1990s saw a shift towards more participatory programs based on experience and the limitations of government programs. USAID and donors have endorsed participation as a key objective, and have increased efforts to enhance participation, recognizing that more direct assistance at the grassroots level is essential to ensure the full involvement of local populations in their development objectives and programs.

Donor support to participation has created major changes in development strategy during the past decade – specifically in the areas of democratization, civil society, decentralization and conflict prevention. Enhancing participatory development involves donor support to both the public and private sectors at the national and local levels. Program mix depends greatly on specific country contexts, and USAID officers interviewed plead for maximum field authority to determine the optimum balance of enabling environment and grassroots development.

**Civil Society:** Civil society is the aggregate of organizations outside the public sector representing the interests of private citizens and groups (communities) in advocating for their priorities and needs, and taking action on their own to meet some of these needs. Civil society organizations (CSOs) are usually (though not exclusively) defined as non-profit, thus distinguishing them from private sector organizations (economic actors), and as self-governing and voluntary (autonomous, separate from the state). The concept of civil society has become central to strategies of participation and democratization.

**Decentralization:** Decentralization of central government authorities to lower levels of government is a key donor strategy to improve governance. Decentralization is a key corollary to participation and a vibrant civil society. Effective joining of civil society support with decentralization leads to collaborative problem solving, especially where governments have become democratic and participatory. Donors now see the two concepts as parts of an overall system of good democratic governance necessary for successful decentralization, most effectively achieved when the two types of programs are combined in an integrated manner.

**Enabling Environment:** Donor support for an appropriate enabling environment for the fostering of civil society is critical. “Enabling environment” as a term and strategy means going beyond the formality of laws for regulation and registration of local organizations to the creation of opportunity and structures in order for local organizations to flourish and engage with other organizations and government agencies to address problems and provide services.

**Social Capital:** This has been the area of largest intellectual expansion since 1984. Building on the concept of capacity building and institutional strengthening, social capital is the structure or network of linkages among organizations. Without local organizations, individuals cannot aggregate their interests and networks are restricted to traditional family and kinship structures. Social capital’s impact is to increase local problem-solving skills. The relations formed as a result of the convergence of local government and civil society are part of the social capital linkages that lead to increased problem-solving capacity and efficiencies for local organizations. Enhanced social capital extends the linkages beyond the community to regional, national and even international sources of expertise and funding.

**Conflict Prevention:** The incidence of local conflict has proliferated since the end of the Cold War. Working with local organizations to promote empowerment, advocacy, decision-making and participation in citizens' own development presents opportunities to prevent the recourse to violent solutions. USAID programs can play an important role in reducing or mitigating the incidence of conflict by opening up societies to include marginal groups on the periphery of the political process. It is important that donor support for civil society advocacy be balanced with programs to improve the enabling environment of public institutions. If advocacy outpaces the capacity of government to deliver services and assist in solving local problems, frustrated citizens may lose faith in their government and resort to conflict.

**Partnerships:** The notion of partnership has become an increasingly important policy concept. This concept infuses USAID's strategy of collaboration with other agencies, NGOs, implementing agents and communities. For purposes of this study, the concept of partnership applies to linkages between and among local organizations and other collaborating agencies and supporting groups. The continual forging of these partnerships is an important effort to extend the network of linkages (both horizontally and vertically) and to build the enabling environment for the mutual goals of donors and local organizations. A partnership-type relationship with local organizations is the most promising way to build social capital and enhance sustainable impact.

**Poverty Reduction and Gender Equality:** Two key goals of donor assistance are poverty alleviation and the provision of equal social and economic opportunities to women. These goals depend in part on the organization of society and the priorities that participating citizens establish. Community involvement and social capital enhance the role of local citizens in economic choices. Building social capital, aimed at identifying and solving problems, has an economic and poverty-reducing dimension.

**Limitations of Local Organizations:** Local organizations have limitations that civil society support projects try to address. These limitations surface in the following ways: isolation from other, similar organizations (low linkages); the variety and number of skills an organization possesses to carry out its functions (differentiation); the degree of inclusiveness of an organization's membership (pluralism); and an organization's degree of commitment to achieve its goals (solidarity).

Drawing from support project experience, a series of lessons and tools has been developed making an assessment of the limitations both systematic and necessary. It is important for donors to understand the underlying variables that these tools or methods assess in order to understand the limitations in a given context.

## **II. SUMMARY OF FINDINGS AND LESSONS LEARNED**

### **A. Local organizations in development are an increasing focus of attention for the following reasons:**

- Experience demonstrates that government-to-government assistance programs alone have been insufficient to achieve the objectives of broad-based, sustainable economic and social development. Addressing only the formal “enabling environment” as a top-down approach with the central government must be balanced with direct support to the non-governmental sector.
- Democratic governments, donors and academics universally endorse participation as a key objective. Participatory local organizations and the role of those organizations in the process of decentralization are the keys to building democratic societies with citizens capable of identifying and addressing their problems, such as poverty.
- Participatory development requires a mix of donor support to both the public and private sectors at both the national and sub-national levels. “Public” includes both national government ministries and agencies and sub-national governmental bodies, including local government. “Private” is civil society and non-governmental organizations that are both for-profit and non-profit.

### **B. Development of local government and civil society has converged in time, geography and investment of effort.**

- The evidence reveals a shift in the perception of political leaders and NGO leaders *vis-à-vis* one another. Historically there has been an antagonistic relationship between NGOs and local and national governments. However, in some countries this antagonism has evolved into a collaborative, problem-solving effort, particularly where governments have become democratic and participatory. However, in those countries where local elections have not taken place, or where civil society has not yet developed, this convergence has not emerged. Nevertheless, these findings indicate goals and objectives for programs as well as a vision for policy.
- In countries where this convergence has been noted, there are examples of local NGO leaders, once the democratic process takes place, becoming locally elected officials who cement the relationship between civil society and government.
- The potential synergy from combining participation and decentralization objectives and programs is significant. The two concepts are mutually

supportive, meaning that decentralization without adequate participation of citizens is meaningless, while participation is thwarted if government services are not devolved so that local organizations (NGOs and GOs) can effectively participate in establishing the agenda, priorities and responsibility for those services.

- Donors now see the two as parts of a whole, often combining their programming in an integrated manner. Indeed, the review of cases from Latin America, Africa and Asia shows that such programs are integrating publicly elected bodies that have political legitimacy with private organizations that have needed expertise to form a network of linkages which enhance the local problem-solving capacity as well as enhance good governance practices.

**C. The creation of an appropriate enabling environment conducive to LO development is crucial.**

- The concept “enabling environment” goes far beyond the concept of legislation, law and registration facilities so that NGOs can become formal organizations; the enabling environment encompasses the creation of opportunity and structures so that local organizations can engage each other and government agencies at all levels, and play important roles in problem solving and the provision of services. Donors support the enabling environment in such areas as decentralization, democratic governance, natural resource management, conflict prevention and privatization.
- Donors are in agreement over the importance of an appropriate enabling environment for the fostering of civil society, NGOs and other local organizations. Most have supported the worldwide trend towards decentralization, which has its roots in the growing importance accorded to participation, the origins of which can be traced back over 20 years.

**D. The concept of enhancing “social capital” is an important development goal.**

- Social capital is the network and structure of local organizational capacity. The concept builds upon earlier concepts of institution building and organizational strengthening. Many USAID programs have had the goal of networking among local organizations, and forging movements as intermediate goals. Through local organizations, individuals coalesce around common interests that can build upon and expand beyond the narrower family and kinship structures and thus engage in problem solving common to broader segments of society.



- Participation forms social capital. The efforts and investments in facilitating participation, participatory methods and strategies, and the underlying hypotheses, have been justified as a necessary investment for major changes in development strategy during the past decade – specifically in the areas of democratization, civil society, decentralization and conflict prevention. The networks developed and enhanced social capital and thus form the context and structure to support democratization, civil society, decentralization and conflict management.
- The relations formed as a result of the convergence of local government and civil society described above are part of the social capital linkages that lead to increased problem-solving capacity and efficiencies for local organizations.
- The task is to establish linkages and networks among existing capacities in a way that will harmonize priorities and focus community capacity toward a democratically established hierarchy of problems to be solved, combining the legitimate political power of the locally elected government with the expertise of the local NGO. In situations where the capacity within local organizations (governmental and non-governmental) is lacking, the chore is two-fold: 1) to extend the linkages beyond the immediate community to regional, national and even international sources of expertise and funding; and/or 2) to strengthen those organizations directly.
- If the policy toward LOs is focused on the linkages and networking aspects, the local organizations will become more efficient, have broader and more representative membership and constituencies, and accumulate greater problem-solving skills. Over time local organizations will find their capacities and linkages steadily expanding and strengthened.
- A focus on the network and linkages of social capital as concepts for a policy toward local organizations, as an end in themselves, will lead to more diverse communities with greater freedom of expression, access to information, participation in debate, and greater problem-solving capacity.

**E. The networking and linkages of local organizations are now ends in themselves, and by facilitating their development and the use of participatory planning, they establish a hierarchy of problems to be solved.**

- This is the epitome of participation, which has been a primary donor goal for many years (and its importance is highlighted throughout the 1984 USAID Policy Paper on Local Organizations in Development). However, until recently, the integration of civil society and local government was not seen as a practical possibility because the two were usually antagonistic

forces. While this remains true in many countries characterized as “non-participatory” regimes as well as highly centralized governments, the role of local organizations as important tools of development is now increasingly becoming recognized.

- The enhanced problem-solving capacity by local organizations will lead to the identification of needs and, if supported materially, the resolution of a wide range of problems in a decentralized manner, in such diverse areas as the economic and social development sectors, poverty reduction, equality of women and marginalized groups, democratic governance and conflict prevention.
- The goals of increased resource mobilization from a greater variety of sources, including local, national and external, and more effective collaboration with external partners will be achieved.

**F. Conflict is often a local problem, and targeted assistance to local organizations can prevent and mitigate the potential for conflict.**

- One of the characteristics of the past 20 years has been the ever-increasing amount of local conflict, and USAID and other donors have conducted considerable research and activities aimed at conflict management—prevention, mitigation and resolution (CPMR).
- USAID has accumulated extensive experience showing that donor support at the grassroots level is crucial to prevent societies or marginalized groups within societies from resorting to violent solutions to solve their problems. The Agency’s overall efforts to create participatory systems of governance, if carefully designed and strategically poised, contribute to local stability.
- Working with local organizations to promote empowerment, advocacy, decision-making and participation in citizens’ own development presents opportunities to minimize the frequency with which groups alienated from the mainstream of society seek violent solutions to their problems. Carried out successfully, such programs obviate the alternate, and far less preferable, program approach – the need to combat the effects of conflict and terrorism. USAID programs can play an important role in reducing or mitigating the incidence of conflict by opening up traditionally repressive societies to negotiated settlements, and the inclusion of marginal or previously proscribed political groups into the political process.
- In addition, it was found that advocacy promotion must be balanced with an effort to enable the organizations to be reformed or created otherwise the reform effort will be discredited and citizen frustration with the “system” can lead to conflict.

**G. Partnerships have become an increasingly important development objective and tool.**

- Since the 1984 policy paper was written, partnering has become an increasingly important policy concept. The term describes the relationships among agencies and stakeholders; from the local level to the national level; between government and the private sector; between international PVOs/NGOs and indigenous NGOs; donors and implementing agents, and, most recently, as USAID's business model, the Global Development Alliance (GDA), to incorporate private capital from all sources to participate in the development effort.
- The continual forging of these partnerships is an important effort to extend the network of linkages (both horizontally and vertically) and to build the enabling environment for the mutual goals of donors and local organizations.
- The partnership concept, as it evolves, can be seen as a way that local organizations, many of which are also problem-solving entities, are an end in themselves as sustainable solutions and not merely the means for carrying out activities.

**H. Poverty reduction and gender equality objectives can be enhanced through support to local organizations.**

- The literature review focused on the development of policy as it concerns local organizations. Nevertheless, along with decentralization, democracy, good governance, and conflict prevention, gender equality and poverty reduction are outcomes or dependent variables. Alleviating poverty and affording women equal social and economic opportunities depends upon the organization of society and the priorities that participating citizens establish. In concluding that the problem of development is a social organizational problem, if local organizations are strengthened and linked together in networks, the problem-solving capacity of the community will be enhanced, but only for marginal groups if the donors insist on their participation through the methods of implementation.
- Virtually all indicators demonstrate that the role of women in most societies is subordinated to that of men. USAID and other-donor programs of support to local organizations can benefit women by offering them new, previously unavailable opportunities. Donors recognize that improving women's status benefits not only women, but society at large, in terms of providing more educational and economic choices that lead to higher incomes (reduced poverty) and healthier families. The growth of civil society has benefited women in particular because civil society provides

them with the opportunity to form new and non-traditional organizations in which they can express their goals, aspirations and energies in areas previously closed off to them.

- Support for an enabling environment (discussed above) has been and continues to be a crucial factor in ensuring women's active participation in the decentralization process and in participatory planning, as well as ensuring their active membership in such associations as credit organizations and health services. The expansion of linkages provides women with opportunities beyond individual projects. These programs legitimize women's groups and convey prestige to them as a group; this transfers to the esteem with which they are held in general. It is another example of how diversity of membership in civil society can be increased by linkages that bring new perspectives and ideas into the local context.

#### **I. Limitations of local organizations include four structural factors.**

Organizational effectiveness, strengths and weaknesses are assessed on the basis of four structural criteria that can be applied to local governmental and non-governmental organizations: linkages; differentiation; pluralism; and solidarity.

*Linkages* are the number of formal and informal contacts among organizations, both for-profit, non-profit and governmental. Appropriate understanding and use of this network concept helps to create coalitions to achieve common goals and mobilize resources. USAID programs have supported such linkages in programs working with various groups such as associations, cooperatives and committees. These and other partnership activities are efforts to facilitate linkages. Social capital literature demonstrates that the efficiency and utility of social capital increases with the number of linkages among organizations.

*Differentiation* is the diversity of skills within an organization. The extent of the variety of skills defines the degree of differentiation. This level of an organization's differentiation affects its ability to interact with donors. Moreover, if an organization has low differentiation, its ability to interact with other organizations is limited, and the number of linkages that it can sustain will also be limited. Above the organization level, there is a correlation between the level of differentiation of a society and its level of social and economic development, as well as its ability to identify and solve societal problems. Many USAID capacity-building programs (e.g., higher education, training and other exchanges) promote differentiation.

*Pluralism* is a structural concept of local organizations as well as of societies. It means the degree to which it can accommodate a variety of ideas, incorporate them into its own vision or approach, and use this diversity of ideas to enhance its own validity and contribution to problem solving and results achievement. The more open to new ideas an organization is, the greater the likelihood the donor assistance will be fruitful. When an organization is unable to discuss and incorporate new approaches or goals, then that organization cannot judge if the changes offered by a donor will be productive for the organization and its mission. Low pluralism in an organization—its inability to process or incorporate greater diversity of ideas—will affect its own durability and sustainability, and may render the organization inappropriate for donor assistance.

*Solidarity* is the strength and commitment of an organization to carry out activities and achieve planned results. The degree of solidarity depends upon the shared understanding among members on the organization's objectives. Solidarity also means a high degree of recognition by each member as to his or her role in accomplishing the goal and contributing to the shared vision.

The ideal organization is the one with the technical capability (level of differentiation) to carry out its programs; has shown that it can mobilize itself and carry out planned goals (solidarity); has the ability to consider diverse goals and decide among them (pluralism); and, has a network (linkages) so that it can interact with and impact upon a diversity of other organizations so that its social capital will be more efficient.

Donors should be able to understand and assess these variables to identify the appropriate target organizations for partnerships and also when designing programs of support to local organizations. A number of organizational assessment tools are available to measure these variables.

### **III. PRINCIPAL FINDINGS OF THE INTERVIEWS<sup>1</sup>**

#### **A. Importance of a Local Organization Policy**

People interviewed unanimously agreed that USAID policy should continue to vigorously support local organizations in development. Those interviewed from the regional geographic bureaus were particularly supportive of this. All acknowledged that civil society is one of the pillars of USAID strategy, and local organizations are the basic building block of civil society. Therefore, a policy of support is both logical and necessary. Non-USAID persons strongly believed that the USAID structure does not allow full participation and involvement of “end users,” meaning the beneficiaries of grassroots local organizations in development.

#### **B. Budget Allocations and Earmarking More Important than Policy**

Many of the USAID persons interviewed expressed in strong terms that program choices were functions not so much of development policy but of the budget allocation and the earmarking process which drives most programming decisions. Interviewees from the regional bureaus were less concerned with categories and definitions of local organizations than those from support or technical bureaus, who raised more definitional questions, stating that one cannot define policy without first defining what LOs are or are not. For purposes of consistency during the interviews, “local organization in development” was defined as any *sub-national* organization, be it public (local government and local administration), private (for-profit and non-profit) that aims at identifying and solving problems and providing services.

#### **C. Impact of the Existing Policy and Indications for Future Policy**

Of the 28 USAID officers interviewed, most indicated that they were either unaware of the contents of, or have not had to rely upon, the details of the 1984 policy paper. However, they also expressed the view that it was beneficial to have a policy in place as much to demonstrate the Agency’s position to other donors and host governments as well as to offer to implementing partners as guidelines. All agreed that support to local organizations was an important component of the overall USAID policy framework for sustainable development. Specific observations by bureau or office are provided below, but the general comments were:

- LOs are generally conceded to be worthy ends in themselves, but opinions vary as to the degree of emphasis to give them. Some believe USAID support should be linked to national-level issues. Others believe that

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<sup>1</sup> The list of those interviewed is attached to the full Interview Analysis Report. In addition to the 28 USAID officers interviewed, two non-USAID sources were included - InterAction and Catholic Relief Services.

empowerment at the grassroots is sufficient justification for local organization support.

- USAID policy is contradictory: It “talks” participation and empowerment down to the grassroots, community level, and encourages active involvement of the population to make development programs meaningful and responsive to the problems identified by them. However, the structure of USAID’s Strategic Objective (SO) framework approach is to impose its own development agenda from the top, contradicting the participatory emphasis. The reality is that operating units are unable to adjust their SOs to meet the needs of the local populations and their organizations. To accommodate this quandary, in some cases, USAID identifies a qualified local organization with which to work, whose area of expertise is not directly related to the SO, but it will fit the LO into its SO program anyway. The results may be harmful instead of beneficial to the local organization.
- Operating units need to engage in more routine dialogue with CSOs to reach agreement on the priorities for collaboration.
- USAID officers have different understandings about the Agency’s requirements for registration. An NGO’s not being registered with PVC is no longer an automatic block to receiving USAID assistance. However, procurement officers usually apply rigid accounting criteria beyond that required by policy. This misunderstanding requires further attention.
- As mentioned above, InterAction, representing the U.S. PVO community, believes that USAID policy has not succeeded in achieving full grassroots participation in USAID-funded development activities.

#### **D. Emphasis on Local Development and the Enabling Environment**

This was a tough question for respondents to answer. Part of the problem is that the underlying premises of support to local organizations are clearly important: greater equity in development program results, participatory approaches, empowering the grassroots population, and creating advocacy for governance. Several interviewees did note that not all countries have an adequate policy framework, and this is a reason to provide more emphasis in operating unit programming to support LOs even though national leaders are not very supportive. The appropriate policies are in place but the Agency needs to provide more specific guidance to operating units. For example, operating units’ programs of support to local organizational development should focus on building bridges between LOs and local government agencies. Even where operating units have strong civil society and NGO support programs in their strategy, much of the assistance goes to national-level CSOs and not enough to sub-national CSOs. Finally, more effort should go towards supporting and sustaining national local organization networks.

## **E. Development Paradigm**

Empowered local organizations provide a balance against the concentration of power in the center. Increasingly more local governments are being elected and local NGOs are gaining from the shift of focus to LOs. The more community members are allowed to speak for themselves through their own chosen representatives, the more meaningful their participation in and support of development objectives. Another reason for promoting local organizations is that they can be more inclusive of minority or marginalized groups. Strong LOs, aided with donor support, can enhance inclusion and representation.

An appropriate balance between support to the central government with the various models of sub-national support is the key and the situation differs from country to country. The interviewees stressed that a policy paper should provide flexibility to USAID decision-makers and not burden them with prescriptive requirements.

## **F. Bilateral Program Balance**

All USAID respondents believed that the division of emphasis between national and local programs depends greatly on the country situation. If, for example, a government's commitment to decentralization and local NGOs is more rhetorical than real, the operating unit will want to take more of its program resources away from the national level in support of local empowerment. In some cases, support to the national level can help spur decision-makers in the "right" direction in terms of policies and programs (e.g., the successful pilot programs of decentralization in Morocco as explained by the Mission Director). In others, experience has shown that the national-level commitment to devolution and decentralization (e.g., Kenya and Zimbabwe) is so weak or non-existent that all the operating unit's resources go outside government channels to NGOs. Most interviewees stressed that USAID policy should allow for flexibility of approach accounting for the importance of being poised to work in those areas of greatest opportunity. Ideally, one seeks a balance of working on the policy side to help obtain the appropriate environment for civil society to flourish, but in some cases the resistance is strong, and, by default, a strategy has to put more emphasis on the non-government side. The Agency should let its field offices decide on the appropriate balance and support their efforts to devise the best program approaches.

## **G. Sustainability**

This topic elicited more varying responses. As noted earlier, many interviewees believed that USAID's policy on sustainability is inconsistent and is in direct opposition to existing policies. For example, one person noted that USAID insists on sustainability of indigenous NGOs but many U.S. PVOs are not really



sustainable in that they receive most of their funds in the form of grants from donors and foundations. Many of those interviewed also believed that USAID policy should more explicitly provide guidance for longer-term support to indigenous NGOs (both national and sub-national) that encourages programs to maintain their support until the organizations achieve self-sustainability. InterAction strongly echoed this sentiment, observing that too often USAID changes emphases on what kinds of development programs to fund every few years, with the result that USAID support to local organizations and NGOs gets dropped before they can achieve sustainable results. Others suggested that USAID *not* get too prescriptive in its guidance. (Several senior officials argued forcefully against more “prescriptions” which tie them down in designing programs.)

## **H. Gender Equality**

Women’s agendas are critical to civil society growth, but men still occupy most of the civil society “space.” Several of those interviewed reported that women are in the forefront of most local health and credit issues. USAID civil society programs need to provide help to women to enable them to “raise their voices.” One interviewee, from the Africa Bureau, stated: “Civil society benefits when women are targeted. If women benefit from a project or program, all society benefits.” The same principle, she said, does not apply to programs in which all or mainly men are the beneficiaries.

Women typically have trouble because of resistance at the local level to their becoming involved in CSOs and local government, and in getting into politics. The context is important because of definitional distinctions among types of LOs. One example of gender promotion is gender quotas in elections, which has been successful in getting more women into government. One interviewee from DCHA/DG with research experience in Africa in this area cautioned that gender issues are very complex, especially with respect to local organizations.

The micro-finance sector has learned from broad experience that women generally tend to be better customers of micro-finance institutions (MFIs) because their repayment rate is higher than that of men.

## **I. Conflict Prevention**

Strong local organizations offering chances for involvement in their own development decisions, economic growth and jobs, and that serve as a channel of their representative expression to higher levels of government, can mitigate the tendency within various communities to resort to violence. In many parts of the world (e.g., Morocco), the countryside is full of unemployed youth for whom fundamentalism offers potentially attractive outlets for their frustration.

## **J. New Policy Directions**

Most interviewees did not seem to have strong views on this, or at least have a variety of ideas to offer. In general, the responses were that for any USAID policy to matter, it has to be promoted seriously from the top. A strong, clear message from the Administrator to emphasize the role of LOs and CSOs in their strategies and program development is needed and would be very important. Beyond this, the Agency has to get word to M/OP and especially field contracting officers to support such a policy and not be so restrictive in the rigid application of fitness standards to indigenous NGOs which is no longer a required Agency policy. They suggested two more measures: Amend the ADS guidance to make this clear; and include more precise guidance in the training courses offered to contracts officers. Operating units and other USAID offices function more smoothly if they are granted flexibility in applying policy guidance rather than being subjected to new reporting requirements. Therefore, operational guidance is much more useful than dictates.

A new policy articulation should also caution operating units in choosing LOs very carefully. Many small CSOs can easily become so overwhelmed by donor assistance that the relationship destroys them. In some cases, operating units should avoid direct assistance to LOs and instead work with national or sub-national umbrella groups that manage programs of assistance to the local organizations.

#### **IV. RECOMMENDATIONS FOR REVISION OF POLICY AND PROGRAMMING GUIDANCE ON LOCAL ORGANIZATIONS IN DEVELOPMENT**

##### **A. USAID should make explicit its policy of support to local organizations and their linkages as an end in themselves as a development strategy and objective.**

This policy will result in the creation of more diverse communities with greater freedom of expression, access to information, participation in debate, and greater problem-solving capacity. *Enhancing social capital should be a specific USAID policy objective as an end in itself* as long as the concept is fully understood and the other policy recommendations included in the literature review are seen as part of the concept and its promotion.

To overcome limitations of local organizations, a modification in the USAID policy would be to *increase linkages in order to strengthen local problem-solving capacity as well as create and support the enabling environment for participation*. Networks or structures of linkages form the environment for integrating civil society and local government efforts.

USAID (and all donors) should understand and assess the basic structural variables of organizations and communities to identify the best policies for assisting the most appropriate organizations.

#### **PARTICIPATION**

##### **B. USAID should encourage a strategic focus on participation.**

USAID should encourage a strategic focus on participation for three reasons. Participation reinforces local empowerment through enhanced linkages and networks among organizations to increase efficiency and impact (social capital). It also supports democratization through civil society and decentralization, with citizens becoming more capable of identifying and addressing their problems, such as the needs of the most impoverished and marginalized populations. In addition, participation ensures a better response to demands from the grassroots population.

A USAID policy to develop and enhance the linkages and networking aspects of local organizations, both private and public, will promote broader and more representative membership, and improve their problem-solving skills. The policy with regard to local government and non-government linkages should have as a vision the convergence of these parts of the whole for good governance. Participation and social capital improve civil society and local government.

## **ENABLING ENVIRONMENT AND CIVIL SOCIETY**

### **C. USAID should recognize that donor support towards an appropriate enabling environment for the fostering of civil society (NGOs and other CSOs) is critical.**

Strengthening advocacy organizations should be carefully balanced with enabling local governments to carry out the decentralization reforms. In this way advocacy demands will not overwhelm the capacity of services to respond to demand and help address locally identified problems.

An important policy consideration is to build programs of local resource mobilization into decentralization strategies. USAID has accumulated considerable experience with decentralization, and the success of some programs in addressing local resource mobilization objectives can be replicated elsewhere. Examples in Indonesia, Senegal and Latin America provide guidance.

## **CONFLICT PREVENTION**

### **D. USAID programs of support to local organizations should carefully analyze the possible negative effect of exacerbating the potential for conflict by conducting a vulnerability analysis of the organizations targeted for assistance.**

While considering the above, careful inclusion of organizations and marginalized citizens in the process of decentralization and local government reform will help reduce alienation and may build linkages between citizens, hence increasing social capital as well as problem-solving capacity. This policy of inclusion will contribute to conflict prevention, especially if advocacy and enabling are balanced.

## **PARTNERSHIPS**

### **E. USAID should deepen its policy guidance on enhancing partnerships.**

The notion of partnership has become an increasingly important policy concept. The continual forging of these partnerships is an important effort to extend the network of linkages (both horizontally and vertically) and to build the enabling environment for the mutual goals of donors and local organizations. A partnership-type relationship with local organizations is the most promising way to build social capital and enhance sustainable impact. For partnerships to succeed requires a commitment to common goals and shared vision, open communication and adequate management capacity within the partner organizations.

## **POVERTY REDUCTION**

### **F. USAID should make poverty reduction an explicit goal of a policy to support local organizations.**

The evidence indicates that increased participation and community empowerment, advocacy, and effective local governance enhance the formulation of solutions to household poverty and increase local resource mobilization.

## **GENDER ISSUES**

### **G. USAID should recognize that improving women's status benefits not only women but society at large, in terms of providing wider educational and economic choices that lead to higher incomes (reduced poverty) and healthier families.**

A policy of strengthening local NGOs, which integrates NGO activities with those of local government, enhances local capacity to address poverty and gender inequality issues. USAID (and other donor) programs of support to local organizations should target women and the poor by offering them new opportunities previously unavailable to them, especially opportunities to organize.

### **H. USAID should consider a policy of adopting a "mainstreaming gender" strategic approach such as that announced by the World Bank in January 2002.**